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| SCHWEGMAN, LUNDBERG, WOESSNER & KLUTH/EBAY P.O. BOX 2938 MINNEAPOLIS, MN 55402 | | | KYLE, CHARLES R | |
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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/577,434
Filing Date: May 22, 2000
Appellant(s): MAY ET AL.

MAILED

JUN 27 2006

GROUP 3600

Andrew DeLizio
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed March 3, 2006 appealing from the Office action
mailed August 15, 2005.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

| | | |
|-----------|----------|---------|
| 5,794,221 | Egendorf | 08-1998 |
| 6,049,785 | Gifford | 04-2000 |
| 5,978,780 | Watson | 11-1999 |

Kaiser, L.F., "The Official eBay Guide to Buying, Selling, and Collecting Just About Anything", Fireside, 1999 pages 32-35, 108-109, 132-133.

Tessler, J., eBay's Deal with Wells Fargo Allows Sellers to Accept Credit, San Jose Mercury News, 02 March 2000.

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-3, 8-10 and 12 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 5,794,221 *Egendorf*, already of record in view of *The Official eBay Guide to Buying, Selling, and Collecting Just About Anything*, hereinafter, *eBay*.

Concerning Claim 1, *Egendorf* discloses the invention substantially as claimed, including:

a method for facilitating online payment transactions between participants in a network-based transaction facility (col. 1, line 55 to col. 4, line 22), the method comprising:

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communicating to a first participant via a communications network, information identifying a plurality of payment instruments available for processing online payment transactions in the network-based transaction facility the information to facilitate a selection by the first participant of at least one of the plurality of payment instruments that the first participant is willing to accept when receiving a payment from a second participant (col. 2, lines 9-37 and col. 6, line 60 to col. 7, line 4 and regarding new claim language, Col. 6, line 52 to Col. 7, line 4);

receiving payment option information from the first participant via the communications network, the payment option information identifying the selection of the at least one of the plurality of payment instruments (col. 3, lines 63-67);

communicating the payment option information to the second participant (col. 3, line 18 to col. 4, line 27).

performing a risk analysis pertaining to an online payment transaction between the first participant and the second participant using at least feedback information, pertaining to the second participant and provided by users of the network-based transaction facility (col. 4, line 66 to Col. 6, line 36; see particularly Col. 5, lines 30-42) to determine whether the second participant is qualified to use a payment instrument selected by the second participant from the at least one payment instrument acceptable to the first participant (Col. 5, lines 31-42; Col. 5, line 66 to Col. 6, line 10); and

accepting personal billing information concerning the selected payment instrument if the second participant is qualified to use the selected payment instrument, (col. 4, line 66 to col. 5, line 10; Col. 6, lines 13-36), the personal billing information being accepted via the

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communications network to facilitate the online payment transaction between the first participant and the second participant (col. 6, lines 25-36).

Egendorf fails to disclose that the instrument selected by the second participant must be acceptable to the first participant or that a risk analysis is performed based on feedback information provided by peers of the second participant. *eBay* disclose that the payment form selected by the second participant must be acceptable to the first participant at pages 108-109. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Egendorf* by allowing the first participant to specify a payment form used by the second participant as taught by *eBay* because this would have allowed the first participant to exercise greater control over the transaction.

eBay further discloses that a risk analysis is done using feedback information provided by peers of the second participant at pages 31-35. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Egendorf* with the risk analysis using feedback information provided by peers of the second participant of *eBay* because this would provide information related to the participant's reliability and likelihood of prompt payment. This is supported by the text at page 31, text beginning "'In the world of commerce...'", which clearly shows the importance to a transaction of a user's character.

Appellants' limitation requiring determination that the vendor is qualified to accept at least one payment instrument is addressed herein. At Col. 5, line 66 to Col. 6, line 8, *Egendorf* discloses qualification of a customer for payment using a credit card. Similarly, at Col. 7, lines 1-4, *Egendorf* discloses the use of a credit card account to receive payment to the vendor. The

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Examiner takes official notice that qualification of an account user is notoriously old in the art of payments. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have demonstrated qualification of a vendor to receive payment because this would have assured that payment could be completed. Appellant's claims recite no particular qualification process; qualification could consist of a basic and obvious check to confirm that the vendor maintained a valid account to receive payment.

As to Claim 2, *Egendorf* discloses dynamically evaluating risk involved in the online payment transaction between the first participant and the second participant; and restricting the online payment transaction based on the evaluated risk (col. 5, lines 30-48 and col. 6, lines 10-13).

Regarding Claim 3, *Egendorf* discloses is evaluating the involved risk using various information concerning the first participant and the second participant, the various information including information stored by an online payment service (col. 5, line 66 to col. 6, line 13) and information obtained from any one of a plurality of third party risk analysis providers (col. 5, lines 35-39) via the communications network.

Concerning Claim 8, *Egendorf* disclose communicating the personal billing information of the second participant to a financial institution to process the online payment transaction (Col. 6, lines 13-36), the personal billing information being communicated over the communications network (col. 5, lines 30-41); and notifying the first participant when the online payment transaction completes (col. 5, lines 18-29).

As to Claim 9, *Egendorf* does not specifically disclose the use of an invoice form interface to pass invoice information to a second participant. *eBay* teaches enabling a first participant to provide invoice information in such a feature at page 133. It would have been obvious to one of ordinary skill in the art at the time of the invention to include such a feature in combination with *Egendorf* because the first participant would provide an accurate summary of all payment related information for the second participant. Further, determination that the first participant was qualified to initiate an online payment transaction would have been obvious to ensure validity of invoices, just as payment approvals would have been necessary to ensure payment validity.

As to Claim 10, see the discussion of Claim 1 above. *Egendorf* does not specifically disclose a billing interface to obtain personal billing information concerning a payment instrument. Official Notice is taken that it was old and well known to provide such an interface to obtain information to facilitate a payment. For example, it was known to provide a interface form requesting payer's name, address, card type, and account number and expiration date. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Egendorf* to include such a billing interface because this would facilitate collection of information essential to payment.

Regarding Claim 12, *Egendorf* teaches non-disclosure of personal billing information at col. 5, lines 39-41.

Claim 4 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Egendorf* in view of *eBay* and further in view of US 6,049,785 *Gifford*.

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Concerning Claim 4, *Egendorf* discloses the invention substantially as claimed. See the discussion of Claim 2 above. *Egendorf* does not specifically disclose evaluation of involved risk at various stages of an online payment transaction between first and second participants. *Gifford* discloses this feature at col. 8, line 24 to col. 10, line 22 and Figure 14. It would have been obvious to one of ordinary skill in the art at the time of the invention to provide such multi-stage risk evaluation in the combination with *Egendorf* because this would have provided more comprehensive assurance that the transaction was likely to be carried forward to successful completion. Further, it would have been obvious to provide such a multi-stage risk evaluation, because this would have helped assure that all parties to the transaction were reliable and likely to successfully complete a transaction.

Claims 5-6 and 11 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Egendorf* in view of *eBay* and further in view of US 5,978,780 *Watson*, already of record.

Concerning Claim 5, *Egendorf* discloses the invention substantially as claimed. See the discussion of Claim 1 above. *Egendorf* does not specifically disclose accepting and accumulating multiple payments to a first participant and disbursing to the first participant a single accumulated payment. *Watson* discloses this method (col. 2, lines 33-47). It would have been obvious to one of ordinary skill in the art at the time of the invention to combine multiple accepted payments into a single accumulated disbursement because this would have reduced the number of transactions necessary to complete multiple transactions, which *Watson* specifically describes at col. 2, lines 43-47. The Examiner further notes that this method is analogous to the

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accumulation of multiple payments over a period of time in, for example, a gasoline company consumer credit account, and the disbursement to the company of a single payment by the account holder at the end of a particular billing period, a process which was well known and to credit card holders.

As to Claim 6, *Egendorf* discloses accepting multiple payments over a communication network using plural payment instruments at col. 6, lines 13-36.

Regarding Claim 11, *Watson* discloses the encryption of personal billing information at col. 15, lines 57-60. It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the combination with *Egendorf* with the encryption disclosed by *Watson* because this would have provided security for transaction information communicated across the communications network by preventing dishonest third parties from intercepting and misusing the transaction information.

Claims 7 is rejected under 35 U.S.C. 103(a) as being unpatentable over *Egendorf* in view of *eBay* and further in view of *Tessler*, already of record.

Concerning Claim 7, *Egendorf* discloses the invention substantially as claimed. See the discussion of Claim 1 above. *Egendorf* does not specifically disclose the network-based transaction facility as a network-based auction facility. *Tessler* discloses network based auction facilities that facilitate online payment transactions. See first page, bracketed area. It would have been obvious to one of ordinary skill in the art at the time of the invention to have used the payment method disclosed by *Egendorf* in an auction facility because auctions may require payments widely varying in size requiring different payment instruments and their method would

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have been amenable to this form of operation. *Egendorf* specifically sets out this point at col. 6, lines 13-24.

Concerning Claims 13-24, they are the system form of Claims 1-12 respectively and are rejected in a like manner. Note that *Egendorf* discloses a system for the accomplishment of the method steps in Fig. 1 and col. 4, lines 40-56.

Additionally, in the treatment of amended Claims 14 +, the phrase user is seen as equivalent to user and second participant is seen equivalent to further user.

As to Claim 25, it recites a machine readable medium comprising instructions, which when executed on a machine, cause the machine to perform a method for facilitating online payment transactions between participants in a network-based transaction facility, the method comprising the steps recited in Claim 1. Official Notice is taken that it was old and well known to perform commerce method steps by executing instructions on a machine. For example, the method steps performed for all internet payment methods are so stored and executed. It would have been obvious to one of ordinary skill in the art at the time of the invention to have utilized such a computer readable medium to execute the method disclosed by *Egendorf* because such a medium was a well known, inexpensive and reliable means for storing instructions for execution by processors. In this instance, the examiner relies on a common understanding of computer processors as machines, (i. e. a processor as simple as a Turing machine).

(10) Response to Argument

Appellants begin substantive argument at page 10 of the Brief. Appellants first assert that *Egendorf* fails to specifically disclose risk analysis by checking for available credit or that a credit card is lost. The Examiner first notes that while *Egendorf* does not specifically disclose risk analysis by checking for available credit or that a credit card is lost, these are not claim limitations. The phrasing regarding checks for exceeded credit limit as and stolen credit cards was set out in the Final Office Action to demonstrate that *Egendorf* discloses risk analysis through checks+ which are commonly and frequently performed in credit card transaction approval.

The discussion below will show that risk analysis for credit card transaction approval does indeed entail such checks, even though the limitations are not claimed. This is done to indicate the detailed nature of the risk analysis disclosed by *Egendorf*.

Appellants do not dispute that *Egendorf* discloses credit card transaction approval; this is specifically disclosed by *Egendorf* at Col. 5, lines 36-39 and Col. 5, line 66 to Col. 7, line 12. However, Appellants parse the Examiner's statement in the Final Office Action of August 10, 2005 incorrectly. The statement argued is reproduced here:

Specifically, Egendorf discloses the use of a third party credit card transaction approval company, which performs risk analysis through steps such as checking whether available credit will be exceeded by a particular transaction or whether the card is reported stolen.

Appellants imply that the Examiner relied on *Egendorf* for a teaching of "risk analysis through steps such as checking whether available credit will be exceeded by a particular transaction or whether the card is reported stolen", *as well as* credit card transaction approval. The Examiner did not rely on *Egendorf* for these additional concepts because they are not claimed; credit card transaction approval was the feature for which *Egendorf* was cited. The Examiner effectively made a statement that "risk analysis through steps such as checking

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whether available credit will be exceeded by a particular transaction or whether the card is reported stolen” is common and frequent in credit card transaction approval.

This is indeed the case. It is a common experience of credit cardholders to be asked if they wish to increase an amount of available credit for a transaction when the transaction would cause available credit to be exceeded. It is also a common experience for credit cardholders to be contacted by the issuer of the card to confirm that the card is not stolen. This commonly occurs if a cardholder uses a credit card in a foreign country for the first time. It is only prudent of the issuer of the card to confirm that the card is still in the possession of the cardholder, so as to prevent fraudulent use of a stolen credit card.

These observations are supported by prior art identified by the Examiner in a short text search.

Patent US 6,023,682 with a filing date of October 21, 1997 discloses at Col. 1, lines 22-34:

Conventional credit card authorization devices have a magnetic slot reader for receiving information from a magnetic strip on the credit card. The authorization device initiates a call to the credit card company computer, encrypts information regarding the credit card and transmits the encrypted information to the credit card company computer. The credit card company computer decrypts the information and checks whether the credit card has been reported as stolen or missing and/or whether the credit limit would be exceeded by the requested purchase amount. The credit card company computer forwards an authorization signal or a non-authorization signal to the credit card authorization device depending on the outcome of this check.

Patent US 6,052,675 with a filing date of April 21, 1998, discloses at Col. 1, lines 15-30:

Credit card validation devices and methods are known in which a credit card vendor communicates with a credit card company to determine whether a credit card has been reported as missing or stolen and/or whether there is sufficient credit to make a particular purchase. Conventionally, a user is only subjected to a verification process to determine whether the user is authorized to use a credit card when the user is making a purchase at a vendor's location. According to the conventional process, a vendor should, but does not always, compare the customer signature to the signature on the back of the credit card to determine whether the customer is the authorized user of the credit card. If the signatures do not match, the vendor must refuse the credit card transaction and, presumably, call the police and the credit card company to inform them that the credit card may be stolen.

It is thus seen that *Egendorf* discloses risk analysis associated with credit card transaction approval for both specific claim limitations as well as details of analysis implicit in such processing.

Appellants' next argument at page 10, second paragraph to page 11, is that *eBay* does not teach computer-implemented risk analysis. This is correct. However, as noted above, *Egendorf* was relied on for computer implemented risk analysis and *eBay* was cited for disclosure of feedback to modify *Egendorf* in a way to enhance the effectiveness of risk analysis. Had *Egendorf* disclosed computer implemented risk analysis using feedback to determine if a participant was qualified to use a payment instrument, the rejection would have been made under 35 U.S.C. 102. Appellants have failed to identify any limitation not provided by one of the references cited and do not substantively refute the extensive discussion of motivation to combine set forth by the Examiner.

Note that the Examiner also commented in Response to Arguments in the Final Office Action that "... *eBay* discloses a rudimentary risk analysis by a buyer who uses counterparty's reputation as a measure of risk for doing business, as set forth in the discussion of Claim 1."

At page 11, first full paragraph, Appellants argue that the references themselves do not provided motivation for combination. Appellants quote the Examiner's comment "It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Egendorf* by allowing the first participant to specify a payment form used by the second participant as taught by *eBay* because this would have allowed the first participant to exercise greater control over the transaction" but do not provide any persuasive argument as to why the motivation is flawed. In

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response to Appellants' argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, The Examiner has provided the motivation quoted directly above, with no substantive response.

Appellants assert that the Examiner has used impermissible hindsight, but again provide no substantive argument to prove the assertion. In response to Appellants' argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the Appellants' disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

At page 12, second full paragraph, Appellants quote the Examiner's comment "It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Egendorf* with the risk analysis using feedback information provided by peers of the second participant of *eBay* because this would provide information related to the participant's reliability and likelihood of prompt payment" but do not provide any persuasive argument as to why the motivation is flawed. In response to Appellants' argument that there is no suggestion to combine

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the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, The Examiner has provided the motivation quoted directly above, with no substantive response.

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At page 12-13, Appellants argue against rejection of Claims 4, 5-6, 11 7 and 25 using the same argument as that discussed above, and shown incorrect, regarding Claim 1.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Primary Examiner


Charles Kyle



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Conferees:

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Primary Examiner